New Product Development

- Business Needs: Growth and Diversification
- New Products/Growth Opportunities:
  - Product improvement
  - Product development
  - Line development
  - Business development
  - Acquisition (internal/external capabilities)
- New Products Fail! Reasons Why?
- Failure Analysis
- Conclusion

New Products

- Product Improvement
- Expansion of a Brand or Product
- New Entry into an Established Category
- New Category
- New Business
New Products

- Product Improvement
  - Appearance or Form Improvement
  - Performance Improvement
  - Ingredient Change
  - Packaging Improvement
  - Price/value Change
- Product Line Extension:
  - To the brand
  - Different brand

New Products

- New Entry into an Established Category
  - Newness of brand name
  - New position (vs. target, competition)
  - Appearance or Form Difference
  - Performance difference
  - Packaging difference
  - Resource difference (ingredient, source, and/or location of supply or technology for making product)
  - Price/Value difference
  - Distribution Pattern difference

New Products

- New Category
  - New solution to an old problem
  - New solution to a new problem
  - Creation of a new need
  - Rival of an outmoded or dead/dying category
  - Innovation
  - Invention and discovery
- New Business
New Product Development

- Business Needs: Growth and Diversification
- New Products Fail! Reasons Why?
- Assessing Innovative Capabilities
- Conclusion

Failed New Products: Examples

Failed New Products: Reasons

- Poor Planning (project)
- Poor Management
- Poor Concept
- Poor Execution
- Poor Use of Research
- Poor Technology
- Poor Timing
- Poor Marketing
- Other Reasons
Failed New Products: Reasons

**Poor Planning**
- Company strategy
- Entering barriers & costs
- Pricing strategy
- Competitive strengths: technical capabilities, complementary assets, etc
- Manufacturing, purchasing, and quality control standards
- Distribution strength/knowledge
- Regulatory complications
- Market analysis
- Development funds
- Timing

Failed New Products: Reasons

**Poor Management**
- Planning
- Direction and goals
- Sponsorship and leadership
- Communication
- Budget and time constraints

Failed New Products: Reasons

**Poor Concept**
- Too innovative, ahead of the market
- Out of synch with the market (demographic, culture, trends, fashion)
- Unmatched benefits/needs
- Profit margin
Failed New Products: Reasons

- Poor Execution
  - Product defects
  - Technical problems
  - Over or under engineered
  - Development and introduction budget (under, over spent)
  - Misbranded, Mistargeted, Mispriced (over, under)
  - Weak distribution
  - Communication
  - Marketing media

Failed New Products: Reasons

- Poor Technology
  - Technical problems in design
  - Technical problems in production
  - Scaling-up from R&D laboratory
  - Pilot plant to full-scale production
  - Labor training
  - Substitute materials
  - etc

Failed New Products: Reasons

- Poor Planning (project)
- Poor Management
- Poor Concept
- Poor Execution
- Poor Use of Research
- Poor Technology
- Poor Timing
- Poor Marketing
- Other Reasons
New Product Development: IT

- IT Products
  - Market segments: target specific segments for the product
  - Solving Problems: identify the business problem the product solves
  - Business Value: note the business value the product delivers
  - Name accounts: name real companies that use the solution
- Conclusion

Technology Failure Analysis

- Field returns (fault due to design, assembly or use)
- Assessing new production techniques
- Checking whether components are counterfeit or below acceptable quality
- Analyzing a supply chain to locate the source of a fault
- Assessing the quality of a manufacturing process
- Determining whether a series of faults are due to a batch of components or a change in a process
- Product recall?

Conclusion

- Key Concepts and Their Relationship
  - Technology
  - Innovative Strategies
- Integrating Technology and Strategy
- Assessing Innovative Capabilities